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FISCAL IMPACT REPORT

SPONSOR Lujan, B DATE TYPED 2/18/2004 HB 498/aHTRC

SHORT TITLE Amend Professional Athletic Competition Act SB _____

ANALYST Aguilar

REVENUE

| Estimated Revenue | | Subsequent Years Impact | Recurring or Non-Rec | Fund Affected |
|-------------------|-----------------|----------------------------|-------------------------|-----------------------------|
| FY04 | FY05 | | | |
| | (Indeterminate) | | Recurring | Athletic Commission Fund |
| | | | | |

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Regulation and Licensing Department

SUMMARY

Synopsis of HTRC amendment

The House Taxation and Revenue Committee amendment strikes the effective date of the bill and inserts language declaring an emergency. Related language is inserted in the title.

Synopsis of Original Bill

House Bill 498 amends sections of the Professional Athletic Competition Act by expanding the definition of professional contests; increasing the size of the commission; increasing surety bond minimums and the method of bonding; increases insurance amounts for participants; reduces the length of contests; defines and establishes the level of regulatory and supervisory fees; adds new language allowing the commission to contract with staff and provides for cooperative agreements with tribal governments.

Significant Issues

HB 498 includes under the definition of professional contests, automobile racing and one-time professional sporting events. This provision gives the commission broad oversight responsibility

over events not previously regulated, to include professional basketball, football or baseball exhibition games.

The legislation expands the membership of the commission from five members to seven, four of whom shall represent the public with no more than four members from the same political party.

Current statute requires that a promoter file a bond in an amount set by the commission, but no less than \$2,000. HB 498 increases the bond minimum to \$10,000 and provides that with the permission of the commission, a certified check or letter of credit may be submitted in place of the bond. Additionally, insurance coverage for licensed professional boxers or wrestlers is increased from \$1,000 to \$2,000 per individual.

This legislation also reduces the length of boxing matches to a maximum of 12 rounds and provides that the commission executive director or other designated staff will be present at all weigh-ins, medical examinations and professional contests. This is important because as there have been occasions when multiple events are held simultaneously in different venues. This change allows other staff to serve as support for the events.

A change is made to the imposition of the privilege tax imposed on receipts from promotion of athletic events and a supervisory tax imposed on closed circuit televised professional events. HB 498 changes language providing for a change in the fee structure and designation. The privilege tax imposed on receipts from promotion of athletic events under present law is 4% of gross receipts. This is changed to a regulatory fee sufficient to cover the costs of regulation but not to exceed 4% of revenue. The privilege tax imposed on admissions for closed circuit television broadcast of athletic events under present law is 5% of gross receipts. This is changed to a supervisory fee sufficient to cover the costs of supervision but not to exceed 5% of revenue.

HB 498 includes language allowing the commission to contract for an executive director and staff instead of using staff employed by RLD. The contract must not be made with a member of the commission. This removes a portion of the administrative oversight the department provides to the commission.

The athletic commission under HB 498 is authorized to enter into cooperative agreements with Indian nations, tribes or pueblos for the joint management of profession athletic events, providing that all agreements must be signed by the governor to be effective.

FISCAL IMPLICATIONS

RLD reports that the legislation authorizes the athletic commission to set fees to cover certain of their costs of regulating athletic events and the broadcast of these events. However, the commission is concerned that the authorization may not insure that all of its costs will be covered by these fees. The commission's total budget in FY 2003 was \$134 thousand. Since the fee structure in the proposal is designed to generate less revenue than the current taxes, the likelihood is that the fees will not be sufficient to cover the commission's total costs of administration.

HB 498 may give promoters the incentive to increase the number of events in the state. This may result in higher revenues to the commission.

PA/dm